

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 15, 2004

Reference No.: 2.4c.
Information Item

From: CINDY MCKIM
Chief Financial Officer, Acting

Prepared by: Brice Paris
Division Chief
Right of Way
and Land Surveys

Ref: **AIRSPACE OPTION TO LEASE – TRIANGLE PARTNERS, L.L.C.**

RECOMMENDATION:

The Department of Transportation recommends that the California Transportation Commission (CTC) authorize execution of an Option to Lease between the State of California, Department of Transportation (Department) and the Optionee, Triangle Partners, L.L.C.

SUMMARY

The subject parcel is vacant and unimproved totaling 122,600± sq.ft. adjacent to South River Road in West Sacramento, under the Highway 50 Pioneer Bridge in Yolo County.

Direct negotiations have resulted in a proposal to enter into a five (5) year Option to Lease at \$10,000 per year. When the option is exercised, the initial lease term will be five (5) years with four (4) options to renew for a period of five (5) years each. A market value determination will be performed to establish the actual lease rate at the time the option is exercised and thereafter at every renewal (every 5 years.) It is in the State's best interest to negotiate the actual lease rate at a later date, due to anticipated future increases in value for the entire neighborhood as planned development occurs.

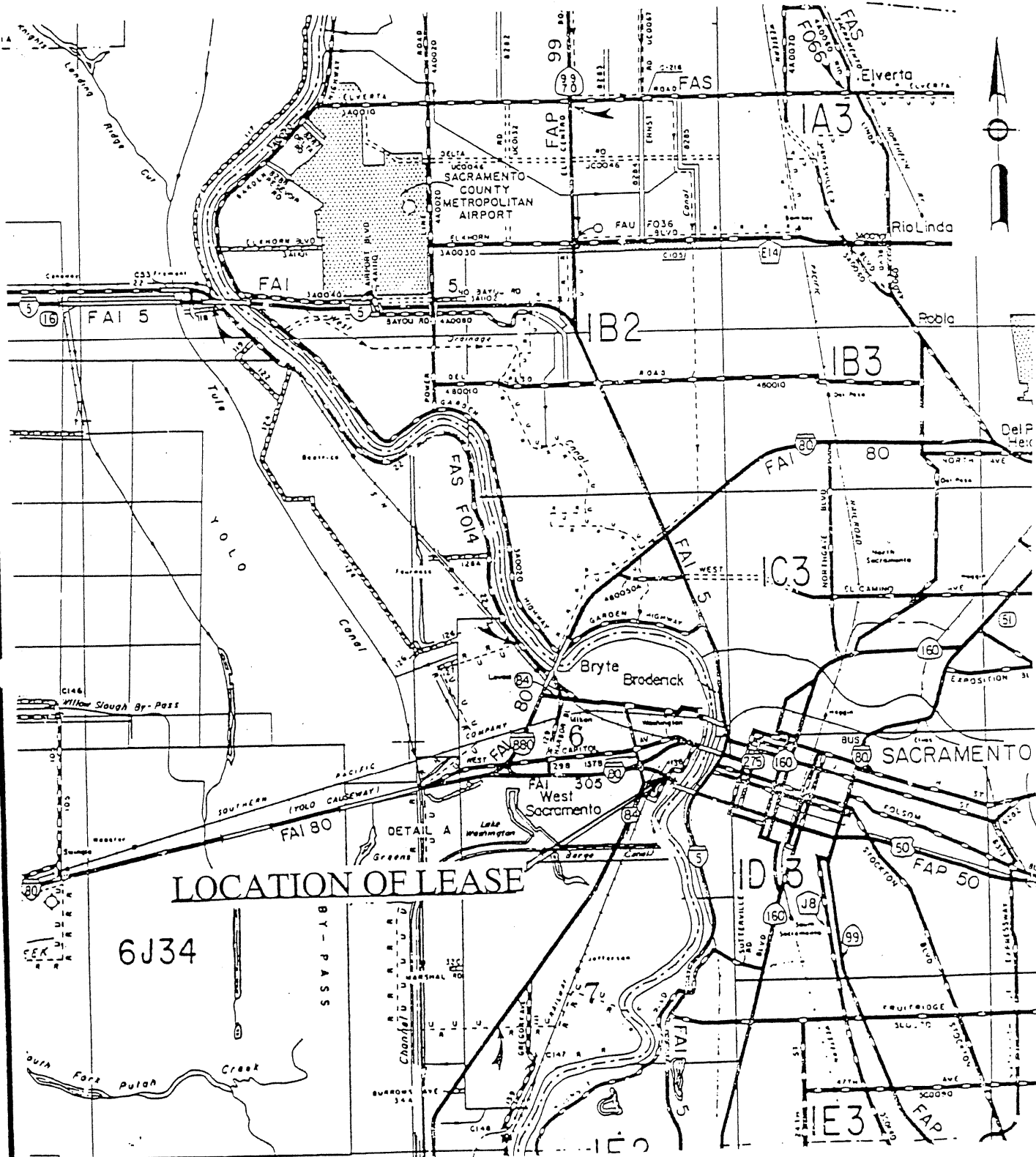
The option payments are due lump sum at the beginning of each option year. There will be no prorations or credit of the option fees for early exercise of the option within each option year. The property held by Triangle Partners, L.L.C. that borders the Department's airspace to the north and south is part of West Sacramento's Triangle Specific Plan that was developed to revitalize this economically depressed area. The Triangle Specific Plan is an approved/entitled plan, which is part of West Sacramento's overall Riverfront Master Plan.

The highest and best use for this parcel continues to be plottage to the adjacent Optionee-owned parcels. Although independent development is feasible, due to the costs of the needed improvements and lack of income to generate profits to a developer, the lease rent would be significantly lower if the parcel were put out to bid for public parking use. The “plottage” value will eventually be realized once adjacent development occurs. The Optionee will develop the parcel in conjunction with their fifty acres for parking and open-space elements within their larger development.

This proposed Option to Lease is in the State’s best interest, as leasing this parcel to the proposed Optionee will achieve the highest and best use and the greatest return to the State. In addition to the consideration received as option payments, portions of the parcel are currently under short-term lease with an aggregate operation at \$980 per month. The aggregate operation mainly occupies a portion of the Optionee’s property adjacent to the airspace parcel. When the option is exercised the aggregate operation will cease. All interim lease revenues from the airspace parcel are negotiated and received by the Department. Concerns regarding the current market value of the lease after the option is executed are addressed with this proposal by the negotiated agreement to perform a market valuation at the time the option is exercised.

The CTC’s Airspace Advisory Committee has reviewed and recommends approval of the proposed terms and conditions of this Option to Lease.

Attachments



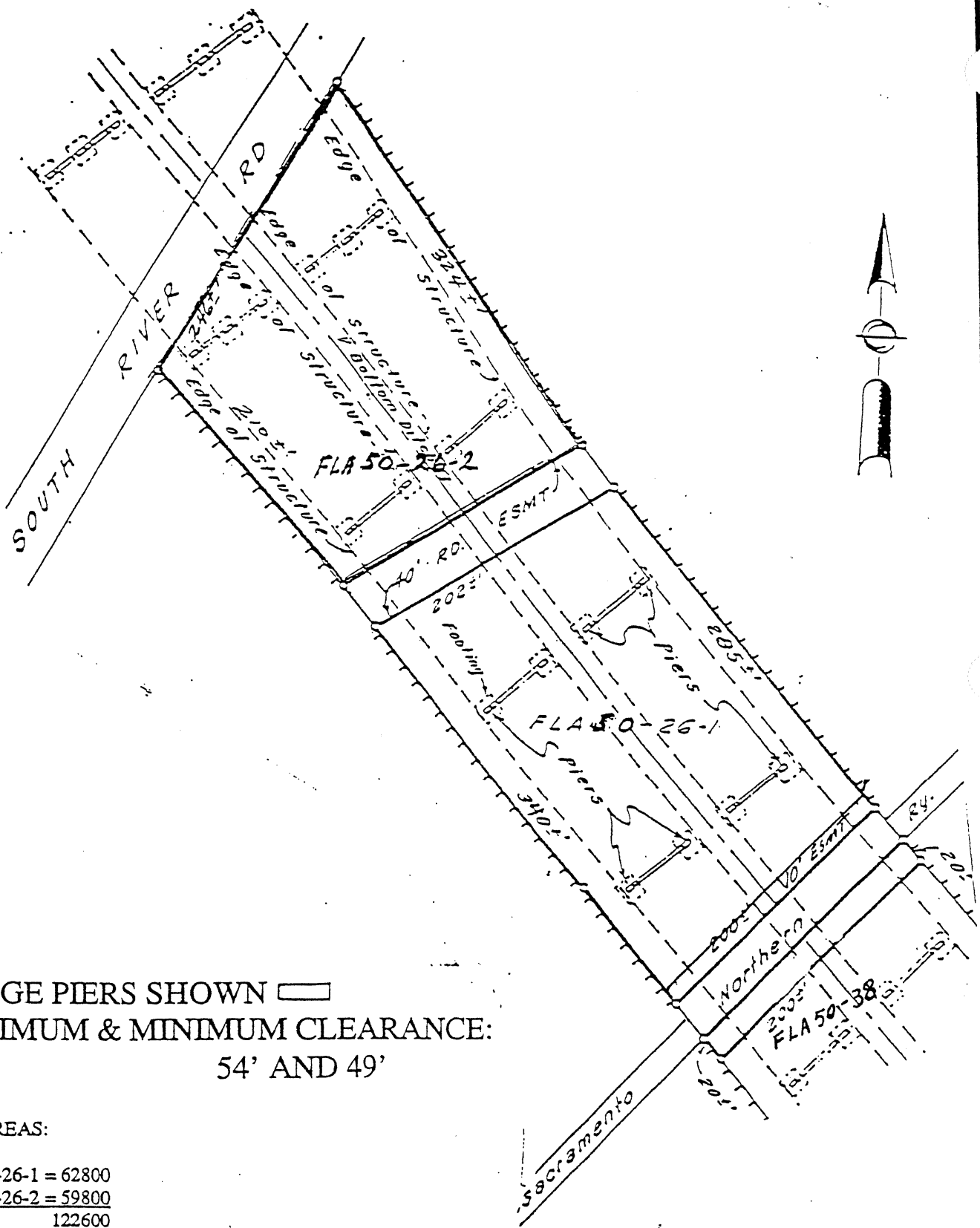
LOCATION MAP


NOT TO SCALE

FLA 50-26-1 FLA 50-26-2

PAR NO 016924

DIET CO RTE PM
O3 YOL 50 2.93



BRIDGE PIERS SHOWN 
 MAXIMUM & MINIMUM CLEARANCE:
 54' AND 49'

NET AREAS:

FLA 50-26-1 = 62800
 FLA 50-26-2 = 59800
 Total 122600

FREEWAY LEASE AREA MAP

ACCESS PROHIBITED 

FLA 50-26-1	FLA 50-26-2
PAR NO 016924	FLA 50-38
EST CO RTE	EST
03 YOL 50	2.93